

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

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| In the Matter of |) | |
| |) | |
| Federal-State Joint |) | CC Docket No. 96-45 |
| Board on Universal Service |) | |
| |) | |

**COMMENTS OF UNITED STATES CELLULAR
CORPORATION**

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Summary

The task before the Joint Board is one of great difficulty and complexity. Accordingly, it should establish a representative task force, along the lines of the "Rural Task Force" created in 1998, to gather information and report back to the Joint Board and FCC, prior to any action being taken to alter the structure of "high cost" universal service programs.

In the absence of such a task force, however, the Joint Board should also consider broad issues of wireless/wireline equity, in deciding whether to cut off Competitive Eligible Telecommunications Carriers (CETCs) from USF programs.

Among those issues are wireline carriers' entitlements to prescribed "rates of return," and "access charges," and the protections in the Communications Act for rural LECs against competition. Wireless carriers enjoy none of these advantages and the Joint Board ought not to exacerbate these inequities by amending the rules to prevent wireless carriers from becoming ETCs.

There is no crisis in the USF necessitating precipitous FCC action prior to 2006, when the FCC had previously planned to reconsider USF portability issues. And preserving the existing ETC structure, at least until 2006, will serve the statutorily mandated purposes of fairness and technological neutrality in USF administration.

The FCC has repeatedly adopted policies in recent years which promote rural telecommunications growth and economic development and the existing system for designating ETCs effectively supports that goal. If the FCC wishes to restrict the

growth of USF programs, there are other means it can pursue, such as its existing investigation of the "Schools and Libraries" Program.

The FCC can, however, improve the administration of the USF high cost program by requiring ILECs to submit legible maps of their "disaggregation zones" and by otherwise treating competitive ETCs as partners in the provision of supported services.

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COMMENTS

United States Cellular Corporation ("USCC") hereby files its Comments on the Public Notice issued by the Joint Board in this proceeding.¹

**I. The Issues Before The Joint
Board Should Be Considered By
A Representative Task Force**

USCC provides cellular and PCS service in 44 MSA, 100 RSA, 1 MTA and numerous BTA markets nationwide. USCC has been designated as an Eligible Telecommunications Carrier ("ETC"), qualified to receive universal service support from the Universal Service Fund ("USF"), in the states of Washington , Iowa, and Wisconsin.

It is fair to say that the Joint Board has before it a task of great complexity and difficulty. It has requested comment on whether changes to the FCC's rules

¹ Public Notice, "Federal-State Joint Board on Universal Service Seeks Comment on Certain of the Commission's Rules Relating to High-Cost Universal Service Support and The ETC Designation Process, CC Docket No. 96-45, FCC 03J-1, released February 7, 2003. ("Public Notice").

pertaining to "portable" universal service support in "study areas" in which a competitive ETC is providing service would serve the public interest. The Joint Board has also sought comment on the process by which ETCs are designated.² It has been asked to reconsider those issues despite the fact that the current rules under which ETCs are designated and USF support is provided are the result of years of painstaking effort by the so-called "Rural Task Force," the "Multi-Association Group," prior Joint Boards, and the FCC itself.³

In May 2001, after considering the recommendations of the prior Joint Board, which had incorporated the work of the industry groups referred to above, the FCC adopted its current rules for receipt of high cost support by ETCs in the study areas of rural carriers for a period of five years, until 2006.⁴ Those rules were the result of "a compromise process in which divergent interests were aired, argued, and eventually accommodated."⁵

The FCC determined that it would take five years to ascertain if the new structure was compatible with its obligation under Section 254(b)(5) of the Communications Act [47 U.S.C. Section 254(b)(5)], to maintain a specific, predictable, and sufficient universal service fund.

² Public Notice, ¶8.

³ See, e.g. Federal-State Joint Board on Universal Service and Multi-Association Group (MAG) Plan for Regulation of Interstate Services on Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers, Fourteenth Report and Order, Twenty-Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45, and Report and Order in CC Docket No. 00-256, 16 FCC Rcd 11244 (2001) ("Rural Task Force Order"), recon pending.

⁴ Public Notice, ¶6.

⁵ Ibid.

Now, suddenly, the five year plan is in doubt. Fewer than two years after the adoption of the Rural Task Force Order, the Commission has re-opened virtually all the issues that it and the related orders in this docket ostensibly decided. The Public Notice is relatively short but seeks comment on a plethora of complex USF-related issues.

The Commission seeks to establish "a complete record on the development of competition in high cost areas" including "detailed data" on such competition and "line growth."⁶

It seeks, among other things, information on the "future" growth in support for competitive ETCs,⁷ on the number of "telephone connections" in high cost areas,⁸ and on whether wireless service in rural areas is "complementary" to rather than a "substitute" for traditional wireline technology.⁹ The FCC seeks information on the current methods for calculating ETC support based on rural wireline "embedded" costs, the policy goals of such support, and on multiple alternative methods for providing such support, including possible "reverse auctions."¹⁰

The FCC is also concerned with "excessive growth" in the USF owing to the growth of competitive ETCs¹¹ and with whether support should be limited to a single "connection" per customer.¹²

⁶ Public Notice, ¶9.

⁷ Public Notice, ¶11.

⁸ Public Notice, ¶¶12-13.

⁹ Public Notice, ¶14.

¹⁰ Public Notice, ¶¶14-21.

¹¹ Public Notice, ¶24.

¹² Public Notice, ¶¶26-32.

Finally, the FCC asks whether the FCC should seek to establish "guidelines" for state ETC designations.¹³

These are very complicated subjects, and each of them has implications for the entire structure of wireline and wireless universal service regulation. The Joint Board and FCC cannot expect, in the context of a notice and comment rulemaking proceeding, in which commenters can be chiefly expected to defend their interests, to obtain information comparable to what the FCC had before it in 2001 as a result of the work of the Rural Task Force and "Multi-Association Group."¹⁴

Accordingly, USCC would submit that if the FCC wishes to re-examine its conclusions of 2001 it should convene another task force which would approach these issues with the seriousness and depth which the Rural Task Force demonstrated.

II. If the Joint Board and FCC Do
Not Establish A Task Force They
Should Consider Broader Issues
Of Wireless/Wireline Equity

As noted above, the Joint Board and FCC should assemble a task force, comprised of a broad range of federal, state, wireline and wireless representatives, to bring together the data which the FCC will need to examine the issues in the appropriate depth.

¹³ Public Notice, ¶¶32-34.

¹⁴ As is noted by the FCC in the Public Notice:

"The Rural Task Force was established by the Joint Board in 1998 and was assigned the difficult task of developing a forward looking high-cost universal service support mechanism for rural carriers. After two years of exhaustive deliberation and considerable effort, including issuance of six white papers, the Rural Task Force submitted its recommendations to the Joint Board."

Public Notice, ¶6 n. 22.

If, however, such a task force is not to be established, we would ask that the Joint Board broaden its inquiry to consider vital issues of equity between wireline and wireless carriers in the USF context, issues which the Public Notice's many questions do not, in general, reflect.

While USCC has the utmost faith in the fairness of the Joint Board's members, we would note that the impetus behind the Joint Board's creation came from challenges to support for competitive ETCs in various FCC proceedings, as well as from petitions opposing competitive ETC interests, both wireline and wireless, filed by telephone companies and trade associations.¹⁵ For example, ACS Fairbanks, a telephone company, filed a petition with the FCC in July 2002, requesting that high cost support for competitive wireline ETCs be calculated based on their own costs rather than rural LEC "embedded" costs and that the FCC establish requirements for the receipt of high cost loop support based on the cost of those loops purchased by ETCs as "Unbundled Network Elements" ("UNEs").¹⁶

Also, in July 2002, the National Telecommunications Cooperative Association ("NTCA") filed a petition with the FCC which proposed that the FCC define the terms "captured" and "new" in Section 54.307 of the FCC's Rules so as to limit "support to lines previously served by the incumbent LEC or lines ordered by customers not previously served by the incumbent LEC."¹⁷

¹⁵ See In the Matter of Federal-State Joint Board on Universal Service Order, CC Docket 96-45, FCC 02-307, released November 8, 2002, ¶5. ("Referral Order").

¹⁶ Ibid.

¹⁷ Ibid.

The purpose of the latter petition was to eliminate high cost support for wireless ETCs, which have no way of knowing whether their customers have retained their existing wireline service.

This background is reflected in both the Public Notice and Referral Order, both of which reflect a sense of imminent crisis which, we believe, is not borne out by the facts.

Judging by the relevant facts, there would appear to be little need for the urgency expressed in these petitions or in the Public Notice or Referral Order about the alleged threat to the USF posed by ETC designations generally or wireless ETC designations in particular. The FCC, in the Referral Order (§4) noted the essential fact that competitive ETCs received only approximately \$14 million of \$803 million in high cost support disbursed in the third quarter of 2002, or 1.8 percent of total high cost support. That relatively low percentage indicates that there will not be any fundamental threat posed by competitive ETCs to the USF prior to 2006.

We would submit that the impetus for this proceeding comes not from objective reality, but rather from competitive political pressure by wireline telephone companies, which dislike competition from ETCs, whether wireline or wireless, and that the goal sought by those companies, namely elimination of CETCs, is not in the public interest.

The wireless industry did not seek this proceeding and would have been content to live with the compromises of 2001. However, having been forced into it, USCC would ask that the Joint Board and FCC broaden the ambit of this proceeding or commence another proceeding to consider the following related and

crucial issues, which highlight the regulatory advantages now enjoyed by the wireline companies seeking to eliminate wireless ETC competition.

A. Wireline Carriers Have Prescribed
"Rates of Return" And Receive "Access
Charges" and Wireless Carriers Do Not

In considering the issues before the Joint Board, certain basic and relevant aspects of federal telecommunications regulation are in danger of being ignored or forgotten, so we take the opportunity to restate them for the Joint Board's consideration in this context.

Local exchange telephone companies are regulated by state public utilities commissions in accordance with regulations which prescribe a fixed "rate of return" on their capital. They are also regulated by the FCC, whose Part 69 regulations permit them to recover their costs of providing access to their networks for interstate or long distance service.¹⁸

ILEC access charges for rural, "rate of return" carriers have been reduced in recent years but still make a substantial contribution to their revenues. Moreover, reductions in access charges have been "balanced" by other universal service support flows to such carriers, such as Interstate Common Line Support ("ICLS"), and the development and implementation of state USF programs.¹⁹

¹⁸ See In the Matter of Multi-Association Group (MAG) Plan for Regulation of Interstate Services on Non-Price Cap Incumbent Local Exchange Carriers, Federal-State Joint Board on Universal Service, Access Charge Reform for Incumbent Local Exchange Carriers Subject to Rate of Return Regulation, Prescribing the Authorized Rate of Return From Interstate Services of Local Exchange Carriers, Second Report and Order and Further Notice of Proposed Rulemaking in CC Docket No. 00-256, Fifteenth Report and Order in CC Docket No. 96-45, Report and Order in CC Docket No. 98-77, Report and Order in CC Docket 98-166, 16 FCC Rcd 19613, ¶11 (2001) ("MAG Order").

¹⁹ See, e.g. MAG Order, ¶¶128-142.

The contrast with CMRS carriers could not be more stark. Such carriers must operate in a fiercely competitive environment. Indeed, the ever increasing level of competition in the CMRS industry wins yearly praise from the FCC in its annual CMRS "competition reports."²⁰ However, competition, while very good for consumers, is not always positive for carrier bottom lines or stock prices. And CMRS carriers not infrequently fail in the marketplace.²¹ This situation obviously contrasts with that of ILECs, which operate with a variety of regulatory protections and essentially never fail.

Last year, believing that it too was entitled to recover its costs for terminating interstate calls, Sprint PCS, a CMRS carrier, sought in federal court and before the FCC to recover "access charges" for terminating AT&T's long distance traffic.²² The FCC, however, held that while wireless access charges were certainly permissible under the Act and the FCC's regulations, that nonetheless before such charges could be collected a "contract" had to be agreed to by the carrier and the IXC which would impose such an obligation on the IXC.²³ Since IXCs will obviously never agree to such "contracts," the FCC's declaratory ruling effectively precludes wireless access charges.

That FCC determination only underscores the radically different regulatory universes inhabited by rural ILECs and CMRS carriers, which the Joint Board and FCC should consider in dealing with the issues before it.

²⁰ In the Matter of Implementation of Section 6002 (b) of the Omnibus Budget Reconciliation Action of 1993, Annual Report and Analysis of Competitive Market Conditions With Respect to Commercial Mobile Radio Services, Seventh Report, 17 FCC Rcd 12985 (2002).

²¹ See, e.g., "Leap Hopes Bankruptcy Brings Viability," RCR Wireless News, April 21, 2003, p.7.

²² See In the Matter of Petitions of Sprint PCS and AT&T Corp for Declaratory Ruling Regarding CMRS Access Charges, Declaratory Ruling, 17 FCC Rcd 13192 (2002). ("Sprint Order").

²³ Sprint Order, ¶12.

**B. The FCC Should Consider These Issues In
Light of Other Aspects of the Current Regulatory
Regime Governing Rate of Return Carriers**

Two crucial components of the "five year" compromise approved by the FCC in 2001 were its decisions: (1) that rural, price cap LECs are entitled to receive the same support even if they serve fewer lines than previously, owing to losing lines to a competitive ETC;²⁴ and (2) that rural LECs may calculate their entitlement to support based on "embedded," rather than "forward looking" costs.²⁵ These were crucial concessions to rural LEC interests.

Also, apart from discretionary FCC actions, protection for rural ILECs is built into statute itself. For example "rural" ILECs are not required to provide UNEs until they have received a request to provide them and the relevant state commission has determined that the request is not unduly economically burdensome to the ILEC, is technologically feasible and is consistent with Section 254 of the Act.²⁶ Thus, as the FCC noted in the Rural Task Force Order:

"[A]s a general matter, rural carriers would not necessarily establish unbundled network element rates or zones."²⁷

The Joint Board and FCC obviously cannot alter Section 251 of the Act and may, in fact, be loath to re-examine either the rural LEC reliance on embedded costs or their entitlement to the same level of support no matter how many lines they have lost.

²⁴ See Rural Task Force Order, ¶207.

²⁵ See Rural Task Force Order, ¶¶31-46.

²⁶ 47 U.S.C. Section 251(f).

²⁷ Rural Task Force Order, supra, ¶163.

However, the Joint Board and FCC ought to bear these existing protections for rural LECs in mind when they consider LEC proposals to increase their present advantages by depriving wireless ETCs of their right to receive USF support.

III. Preserving the Existing ETC Structure, At Least Until 2006, Serves The Purposes of Fairness and Technological Neutrality

Section 254(b) of the Communications Act [47 U.S.C. Section 254(b)] sets forth the general principles that universal service support should be "specific, predictable and sufficient." In 1997, acting under its authority pursuant to Section 254(b)(7) of the Act, the FCC added the additional principle that competitive support mechanisms should be competitively neutral, neither unfairly advantaging nor disadvantaging particular service providers or technologies.²⁸

At the same time, the FCC decided in 1997 that federal USF support should be generally available, or "portable," to all ETCs that provided the necessary services regardless of the technology employed by the ETC.²⁹

In 2000, the U.S. Court of Appeals for the Fifth Circuit upheld the FCC's USF reforms against various challenges by telephone companies, including a challenge to USF support "portability."³⁰

The court found that:

"portability is not only consistent with predictability, but also is dictated by principles of competitive neutrality and the statutory command that universal service be spent only for the provision, maintenance and upgrading of

²⁸ See Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Report and Order 12 FCC Rcd 8776, 8801 ¶¶46-48 (1997) ("First Report and Order").

²⁹ First Report and Order, 12 FCC Rcd, at ¶¶286-290, ¶¶311-313.

³⁰ See, Alenco Communications, Inc. v. FCC, 201 F.3d 608, 621-622 (5th Civ. 2000).

facilities and services for which the [universal service] support is intended."³¹

Thus, preserving the right of wireless carriers to be ETCs complies with the prior directives of Congress, the FCC, and the courts. It is also what fairness requires.

Set against that background, the periodic attempts by wireline telephone companies to prevent wireless carriers from being able to receive USF support seem particularly inappropriate and unfair.

In answer to this, the LECs have repeatedly cited threats to the viability of the USF owing to its expansion in size if CETCs have access to it. However, such arguments are inconsistent and hypocritical.

Such concerns did not, for example, prevent wireline carriers from opposing the 1996 Joint Board proposals to limit USF support to a single residential line, or businesses to a single "connection," which would have restricted fund growth.³² Wireline carriers have also consistently opposed the indexed "cap" on high cost loop support, which has been in place since 1993.³³

Thus, it is not unreasonable to say that many wireline carriers do not necessarily oppose USF growth, as long as they receive all the available money. We trust the Joint Board and FCC will reject such self-serving reasoning and will adhere to the principles of fairness and technological neutrality.

³¹ Alenco, 201 F.3d, at 621.

³² First Report and Order, ¶¶94-96.

³³ Rural Task Force Order, ¶¶31-36.

Finally, there is an additional "fairness" concern which ought properly to bear on the Joint Board's and FCC's decision making processes, namely the ever growing proportion of the USF which is being paid by wireless carriers and thus their customers, and the concomitant need for such carriers and customers to have access to the USF.

Prior to the 1996 Act, universal service payments and support were ultimately paid by and received by wireline telephone customers, in their capacity as LEC and IXC customers. Long distance carriers (and their customers) subsidized local rates but it was in essence a closed system, in which ultimately some wireline telephone customers subsidized others. However, since 1997 the system has changed radically, and now involves payments by most telecommunications providers and their customers to subsidize certain providers and customers.

In December, 2002, the FCC adopted new USF contribution rules which have, inter alia, drastically raised the percentage of the USF which is now paid by wireless carriers (and ultimately their customers).³⁴

³⁴ In the Matter of Federal-State Joint Board on Universal Service, CC Docket 96-45; 1998 Biennial Regulatory Review Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Service, North American Numbering Plan, Local Number Portability and Universal Service Support Mechanism, CC Docket No. 98-171; Telecommunications Services for Individuals with Hearing and Speech Disabilities, and the Americans with Disabilities Act of 1990, CC Docket No. 90-571; Administration of the North American Numbering Plan and North American Numbering Plan Cost Recovery Contribution Factor and Fund Size, CC Docket No. 92-237; Number Resource Optimization, CC Docket No. 990200; Telephone Number Portability, CC Docket No. 95-116; Truth in Billing and Billing Format CC Docket No. 98-170, Report and Order and Second Further Notice of Proposed Rulemaking, FCC 02-329, released December 13, 2002, ¶¶21-28 ("Contribution Order").

The Contribution Order raised the "safe harbor," that is, the percentage of wireless calls presumed to be "interstate," from 15 per cent to 28.5 percent.³⁵

The Contribution Order also sought comment on whether the USF should cease to be comprised of payments based on a percentage of "interstate" billed revenues, and should in the future consist of payments made based on "connections" to the national telecommunications network.³⁶

Such a change would also increase the proportion and amount of wireless contributions, while drastically decreasing those made by interexchange carriers and their wireline customers. We submit that if the wireless segment were deprived of access to USF subsidies while contributing an ever larger amount to the USF that the distortions in the system would render it both unmanageable and unfair.

USCC is not asserting that there should be a one to one correspondence between having to make contributions and entitlement to receive USF subsidies because that would undermine a program inevitably intended to benefit high cost carriers and their customers. Rather, our point is that the national "network of networks" has an ever growing wireless component, which is (properly) reflected in the USF contribution base, and should also be reflected in the ranks of USF recipients if CMRS carriers can offer the services supported by USF programs. There is no good reason why the only carriers who should be able to benefit from USF high cost support, for example, should be wireline carriers, when competitive ETCs may be better able to serve the purposes of the program.

³⁵ Contribution Order, ¶21.

³⁶ Contribution Order, supra at ¶¶75-85.

IV. The Designation of Wireless ETCs Promotes Rural Telecom Growth and Economic Development

Surely there has been no policy goal more often invoked at the FCC in the last few years than the need to develop the telecommunications infrastructure of rural areas. In the past few weeks alone the FCC, for example, has considered the "particular challenges" faced by rural wireless carriers in implementing enhanced 911 service,³⁷ has granted a waiver of the otherwise applicable "certification" deadline to permit an otherwise eligible "rural" wireless carrier to obtain universal service support earlier than the rules would have otherwise permitted,³⁸ and sought additional comment on how best to define service areas to serve "unserved or underserved" rural areas through the Multichannel Video and Data Distribution Service.³⁹

In light of this vitally important policy objective, it should be noted that the existing system of designating competitive ETCs is a flexible and highly effective means of promoting advanced telecommunications services and economic development in rural America.

³⁷ Public Notice, "Agenda For the April 29, 2003 Meeting of the Commission's Wireless E911 Coordination Initiative," DA 03-1172, released April 18, 2003.

³⁸ See, In the Matter of Federal-State Joint Board on Universal Service: Guam Cellular and Paging, Inc. Petition For Waiver of Section 54.316 of the Commission's Rules and Regulations, CC Docket No. 96-45, Order, DA 03-1169 released April 17, 2003.

³⁹ See, In the Matter of Amendment of Parts 2 and 25 of the Commission's Rules To Permit Operations of NGSO FSS Systems Co-Frequency with GSO and Terrestrial Systems in the Ku-Band Frequency Range; Amendment of the Commission's Rules to Authorize Subsidiary Terrestrial Use of the 12.2-12.7 GHz Band by Direct Broadcast Satellite Licenses and Their Affiliates and Applications of Broad wave USA PDC Broadband Corporation, and Satellite Receivers, Ltd to Provide a Fixed Service in the 12.2-12.7 GHz Band, Second Further Notice of Proposed Rule Making, ET Docket No. 98-206; RM-9147; RM-9245; FCC 03-85, FCC 03-85, released April 15, 2003.

The current USF rules empower state commissions, which are closest to local telecommunications concerns, to designate ETCs based on their proven records of service to the areas for which they are designated.

The USF regulations mandate yearly certifications by the states that ETCs, both wireline and wireless, are providing the services supported by the USF. And by the automatic workings of the USF program, support flows to carriers to upgrade and improve those services they provide, thus helping rural American in accordance with FCC objectives.

To provide a small example of the efforts of such support flows, USCC is an ETC in Washington State for, inter alia, Yakima County, which is the only county in the Yakima MSA for cellular licensing purposes. USCC has received high cost support since 2000. Since January 2001, USCC has built nine additional cell sites in the Yakima MSA, at a cost of approximately \$400,000 per cell. It has "budgeted" to build eight more sites, striving to provide the best possible coverage in Washington State. USF support has been helpful in this process.

Eliminating or drastically truncating these support flows would thus run directly counter to the FCC's essential objective of improving the access of rural Americans to advanced telecommunications services.

V. The FCC Should Look to Other Means of Restricting The Growth of the USF

Amidst the outcry about "explosive" growth in the USF, it remains a fact that the impact of wireless ETC designations has been minimal. As noted above, as of the third quarter of 2002, only 1.8% of total high-cost support was disbursed to

"competitive ETCs."⁴⁰ It should also be noted that the "high-cost" part of the USF is not the whole program.

For example, for the second quarter of 2003, the FCC recently "projected" total USF "program support" at \$1,563,317,000. Of that amount \$831,499,000 was for "high-cost" support, or approximately 53%, leaving the remainder for the Low Income (\$173,315,000), Rural Health Care (\$8,855,000), and Schools and Libraries (\$549,048,000) programs for the second quarter of 2003.⁴¹

We submit that these figures, taken together, illustrate (a) that there is no "crisis" in the high-cost program necessitating immediate action against competitive ETCs prior to the projected re-examination of all USF programs in 2006, and (b) that there may be other places to look in the USF for substantial savings prior to then.

First, the FCC can pursue the inquiry already announced into possible malfeasance in the USF Schools and Libraries program.⁴² According to published reports, the "schools and libraries program" has been the victim of abuses by certain contractors and some state governments over the past few years. The FCC should certainly examine what reforms may be necessary to ensure that the program works as intended.

⁴⁰ Referral Order ¶8.

⁴¹ See Public Notice "Proposed Second Quarter 2003 Universal Service Contribution Factor," CC Docket No. 98-45, DA 03-689, released March 7, 2003.

⁴² See, Press Release, "FCC Takes Steps To Improve the Universal Service Schools and Libraries Program," released April 23, 2003 (The measures adopted in a Report and Order and NPRM include "improved program oversight to prevent waste, fraud, and abuse").

Second, the FCC should not add to the list of services required to be supported by the USF.⁴³ Prior to the FCC's reconsideration of the existing structure of high cost universal service in 2006, the Commission should not put increased pressure on the fund by adding services not hitherto regarded as essential to the provision of "universal service."

VI. The FCC Can Improve the Administration Of The High Cost Program

Toward the end of the Public Notice, after a long series of questions posed from an "ILEC-centric" perspective, the Joint Board poses one question which opens up what could be a very productive path for the Joint Board inquiry to pursue. In Paragraph 35 the Joint Board notes the present requirement that:

"rural incumbent LECs must submit [to USAC] maps that clearly specify the boundaries of the designated disaggregation zones of support."

The Joint Board then asks:

"Do the Commission's reporting requirements adequately ensure that competitors have sufficient information about the geographic scope of incumbent disaggregation zones?"

Public Notice, ¶35.

The answer is "No."

Recently, USCC filed for high cost support (HCL, ICLS) for the states of Iowa and Wisconsin but found the disaggregation zone maps submitted by rural ILECs to USAC for those states to be unusable owing to their complete absence of detail.

⁴³ In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45 Notice of Proposed Rulemaking, FCC 03-13, released February 25, 2003 ("Notice"), In the Matter of Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Recommended Decision, FCC 025-1.

Further, "exchange" boundaries for those companies shown in the maps on the USAC website did not match the boundaries of the "wire centers" for the same companies which were included in the "data base" which USCC had purchased for filing purposes from a leading geographic data provider. For universal service purposes, as the FCC noted in 2000 (Thirteenth Report and Order, 15 Rcd 24422 ¶16 n. 54) telephone "exchanges" and "wire centers" are supposed to be "synonymous." However, in these cases the wire center and "exchange" boundaries were often different and thus USCC could not "overlay" the maps with its previously encoded information concerning disaggregation zones to arrive at reliable results.

The FCC should amend the relevant rules to require that the maps submitted by ILECs for these purposes be clear and legible and that they reflect recognized exchange/wire center boundaries and clearly specify any disaggregation zones. The frequent failure to provide adequate maps and other information on the part of rural LECs reflects an evident belief, or assumption, that competitive ETCs are not equal competitors with a right to fair treatment in this process.

Conclusion

For the foregoing reasons the Joint Board and FCC should not alter the existing structure of high cost universal service support prior to the FCC's planned reconsideration of the entire USF structure in 2006. The Joint Board, however, should consider other reforms to the structure of USF support in order to make the current system more fair and equitable.

Respectfully submitted,

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